

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 COME-00 CIAE-00 DODE-00

DOTE-00 FMC-01 INR-10 NSAE-00 CG-00 DLOS-09

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2691

LIMITED OFFICIAL USE CARACAS 5540

E.O. 11652: N/A

TAGS: EWWT, VE

SUBJECT: SHIPPING: LYKES STEAMSHIP COMPANY REQUEST FOR
ASSOCIATE STATUS WITH CAVN

REF: (A) STATE 141849, (B) CARACAS 5293, (C) CARACAS 2774

1. EMBOFF MET WITH CAPTAIN RIOS, CAVN, TO DISCUSS STATUS OF
LYKES BROS. ENTRANCE IN VENEZUELAN FOLLOWING A SERIES OF MEETINGS
CAVN HAS HAD ON THE SUBJECT. EMBOFF STRESSED THAT MEETING WAS
UNOFFICIAL TO DISCUSS ISSUES.

2. RIOS SAID THAT CAVN STILL STUDYING THE SITUATION. CAVN STILL
ADAMANT AGAINST ASSOCIATE LINE STATUS. ARGUES THAT SINCE CAVN
DOES NOT CALL ON GREAT LAKES, CAVN CANNOT VERY WELL HAVE A PARTNER
IN THAT TRAFFIC; THEREFORE, SERVICE MUST BE CONSIDERED AS PART OF
EAST COAST AND THEY ALREADY HAVE DELTA-PRUDENTIAL AS THEIR
PARTNER. HOWEVER, CAVN CONSIDERING GRANTING LYKES WAIVERS TO
CARRY NON-EXEMPT CARGO. A DECISION CANNOT BE REACHED UNTIL
THE PARAMETERS OF LYKES' PARTICIPATION ARE ASCERTAINED. RIOS
UNDERSTANDS THAT LYKES AND CHRYSLER HAVE REACHED AN AGREEMENT
ON CKD CARGO. BUT HE DOES NOT KNOW IF LYKES PLANS TO CARRY
ALL OR A PORTION OF CHYRSLER CARGO. FURTHERMORE, CAVN DOES
NOT KNOW IF LYKES WOULD WANT TO CARRY FORD OR GM CARGO AT SOME
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POINT. HE ALSO SAID THAT THERE IS SOME CONFUSION AS TO HOW
THIS REDUCTION IS CKD'S FROM THE PRUDENTIAL-CAVN POOL WOULD
BE SHARED BY THE EXISTING PARTNERS. IF CAVN APPROVES THAT LYKES
SERVICE, THIS SHOULD NOT MEAN THAT CAVN WOULD LOSE THE ENTIRE
AMOUNT THAT LYKES CARRIES FROM ITS SHARE OF THE PRUDENTIAL-CAVN
POOL. HE ADDED THAT IF LYKES COULD NOT EXPECT DELTA TO GIVE UP
SOME OF ITS SHARE HOW WOULD THEY EXPECT A FOREIGNER TO DO SO.

3. EMBOFF SAID THAT HE UNDERSTOOD RIOS PROBLEM, BUT THAT SINCE U.S. FLAG LINES ONLY CARRY AT BEST 20 PERCENT OF U.-S-VENEZUELAN NON-EXEMPT CARGO, HE WOULD BE HARD PRESSED TO EXPLAIN TO THE USG WHY A U.S. FLAG LINE WAS DENIED ACCESS TO THIS MARKET. RIOS POINTED OUT THAT MUCH OF THIS DISEQUILIBRIUM WAS CAUSED BY PRIVATE VENEZUELAN LINE TRAFFIC FROM FLORIDA OVER WHICH CAVN HAS NO CONTROL.

4. RIOS ENDED CONVERSATION BY CORDIALLY POINTING OUT THAT IN PAST DEALINGS WITH U.S. (DELTA EXPANSION, PRUDENTIAL LASH, ETC.) CAVN, AFTER CAREFUL STUDY REACHED SOME SORT OF AGREEMENT WITH THE INTERESTED PARTIES. HE THOUGHT THAT IN THE END, WITHIN CAREFULLY DEFINED PARAMETERS, LYKES WOULD PROBABLY OBTAIN WAIVERS.

5. COMMENT: IT APPEARS ARGUMENT FOR LYKES ENTRANCE INTO US-VENEZUELAN MARKET HAMPERED BY FACT THAT USG PUSHING FOR THE INITIATION OF A SERVICE FROM THE ONLY REA IN THE U.S. (NORTH-EAST) WHERE PARITY EXISTS. AT SOME POINT, MARAD MAY WANT TO CONSIDER BILATERAL NEGOTIATIONS WITH VENEZUELA TO ESTABLISH A 50-50 OR 40-40-20 ARRANGEMENT FOR ALL AREAS THUS INCREASING U.S. FLAG ACTIVITY FROM THE GULF AND FLORIDA REGIONS. CONCERNING THE PRESENT CASE, EMBASSY WOULD APPRECIATE ELABORATION OF U.S. ASPIRATIONS.

VAKY
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NNN

Message Attributes

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Decaption Date: 01 jan 1960
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
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